TO: Charles Dodd, Deputy Director
            Information Technology Services

FROM: Irvin Corley, Jr., Fiscal Analysis Director **IC.**

DATE: May 2, 2010

RE: 2010-2011 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2010-2011 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Wednesday, May 5, 2010 at 2:30 p.m.** We would then appreciate a written response to `the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
        Council Divisions
        Auditor General's Office
        Norman White, Chief Financial Officer
        Pamela Scales, Budget Department Director
        Ron Chenault, Budget Department Team Leader
        Kamau Marable, Mayor's Office

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Information Technology Services (31)

FY 2010-11 Budget Analysis by the Fiscal Analysis Division

Summary

The Information Technology Services Department (ITS) is a General Fund agency. The recommended 2010-11 budget is $25.3 million, which is $963,962 (3.8%) less than the current year's budget. The department's net tax cost recommended for next year is $23.6 million, $61,958 (0.3%) more than the current fiscal year's net tax cost.

2008-09 Surplus/ (Deficit)

The Administration anticipates a surplus of $1.28 million for ITS in the current fiscal year. The surplus is due primarily to an appropriation surplus of $2.3 million, offset by a revenue deficit of $1 million.

Overtime

The recommended overtime budget for 2010-11 is $176,906, a reduction of $10,000 (5.35%) from the current fiscal year. As of March 31, 2010, the department has spent $121,325 (64.9%) on overtime

Personnel and Turnover Savings

The Mayor recommends reduction of 14 positions (16.87%), which includes the elimination of 4 positions and the transfer of 10 positions to Non Departmental Media Services.

The Mayor recommends no turnover savings in 2010-11.

Following is information by appropriation comparing current FY 2009-10 filled positions, and FY 2010-11 recommended positions, as of March 31, 2010.

Appropriation/Program	Redbook Positions FY 2009-10	Filled Positions 3/31/2010	Mayor's Budget Positions FY 2010-11	Over/(Under) Actual to 09/10 Budget	Mayor's Recommended Turnover
Information & Tech. Services (31):					
310010 Ofc. Of Info. Tech. Svcs.	3	2	2	(1)	$ -
310020 Contracts & Administration	4	6	4	2	$ -
310035 Enterprise Application Support Team	4	2	3	(2)	$ -
310050 Client Support Services	2	0	1	(2)	$ -
310070 System Support & Mgmt.	8	7	10	(1)	$ -
310080 Data Network Services	6	5	5	(1)	$ -
310100 Non-Financial Applications	19	22	20	3	$ -
310130 Operations	11	12	9	1	$ -
310300 Public Safety	12	13	10	1	$ -
310335 Publishing Services	8	6	0	(2)	$ -
310355 Dedicated Services	6	9	5	3	$ -
00024 Central Data Processing	**83**	**84**	**69**	**1**	$ -

11827 Publishing Services	0	0	0	0	$ -
11828 Mailroom & Delivery	0	0	0	0	$ -
31XXXX Leave of Absence	0	0	0	0	$ -
TOTAL	**83**	**84**	**69**	**1**	**$ -**

Significant Funding by Appropriation

Appro.	Program	
00024	Central Data Processing	This appropriation decreases by $963,962, due primarily to the following Cost Center items 0010 - 0355:

Cost Center	Description	
0010	Office of Information Technology Services	This decreases by $292,962 in the 2010-11 FY. The reduction is due primarily to the decreases in salary and benefits costs associated with the loss of one position, a $48,840 reduction in contractual services and slight decreases in other areas.
0020	Contracts & Administration	This decreases by $364,120 in 2010-11 FY. The decrease is due primarily to a $166,583 decrease in Rentals-Buildings, a $70,000 decrease in Repairs-Maintenance Miscellaneous, salary and benefits decrease and various other slight decreases.
0035	Enterprise Application Support Team	This cost center decreases by $129,181 in 2010-11, due primarily to a reduction of $91,400 in contractual services cost and the loss of 1 position and its corresponding salaries and benefits costs.
0050	Client Support Services	This Cost Center increases by $491,642, due primarily a $780,000 increase in Software Maintenance, offset by a $167,140 decrease in contractual services, the loss of one position and its corresponding salary & benefit decreases.
0070	System Support & Management	This increases by $719,305 in the 2010-11 FY. The increase is due primarily to $459,496 increase in Software Maintenance and the salary and benefit increases associated with the addition of two positions.
0080	Data Network Services	This Cost Center decreases by $85,262.

0100	Non-Financial Applications	Cost Center decreases by $32,696 in the 2010-11 FY.
0130	Operations	Cost Center decreases by $457,436, due primarily to a $200,000 decrease in hardware maintenance costs and a $319,950 decrease in salary & benefits costs, which correspond to the loss of 2 positions, offset by a $40,000 increase in Repairs & Maintenance-Air Conditioner and a $22,514 increase in Utilities Electricity.
0300	Public Safety	Cost Center budgeted at $4 million in the 2010-11 proposed budget, increases slightly by $17,589 over the current fiscal year
0335	Publishing Services	Cost Center budgeted a $715373 in the 2010-11 proposed budget is reduced to zero and eliminated from the 2010-11 budget
0355	Dedicated Services	Cost Center decreases by $129,118 in 2008-09 FY and losses one position.

Information Technology Services (31)

Budgeted Professional and Contractual Services by Activity	FY 2009-10 Budget	FY 2010-11 Recommended	Increase (Decrease)
Computer Operations	$ 3,500,500	$ 3,046,320	$ (454,180)
Total	**$ 3,500,500**	**$ 3,046,320**	**$ (454,180)**

Professional and Contractual Services decrease by $454,180 (12.97%) in 2010-11.

Significant Revenue Changes by Appropriation and Source

Appro.	Program	
00024	Central Data Processing	Revenue decreases by $1 million in 2010-11, from $2.73 million, due primarily to an $878,333 decrease in Other Reimbursements and a $147,587 decrease in Personal Services in 2010-11.

Issues and Questions

The Mayor has recommended the reduction of 14 position from ITS, which include the elimination of 4 positions and the transfer of 10 positions to Non Departmental Media Services.

- What is the anticipated impact of the losses to the department's day-to-day operations?

Pg. 31-2: Computer Operations <u>Goals:</u>

What is the anticipated impact, if any, on the day-to-day operations in ITS of the Mayor's recommended employee reductions in the department in the 2010-11 fiscal year on completing the following <u>Goals</u> of ITS:

1. **Consolidate data and voice services to reduce overlapping services**
2. **Develop guidelines to standardize technology assets via IT Steering Committee**
3. **Maintaining the City's current technology investment**
4. **Improve information technology for security and financial platform**
5. **Developing, enhancing and maintaining applications systems to support the needs of City departments**
6. **Improve relationship between ITS and City departments and Vendor Community**
7. **Improve Information Technology Security**

Pg. 31-3: <u>PLANNING FOR THE FUTURE FOR FY 2010-11. FY 2011-12 and BEYOND</u>

One of the initiatives on the list includes, Decommission the City of Detroit Mainframe

- What does this initiative entail, in regard to what type of data is involved and what is the projected timeline for the completion of this task?

- What are the costs associated with decommissioning the City's mainframe platform?

- Are there plans to run a parallel system while the City's Mainframe is being decommissioned and transferred to a new system, in order to preserve any crucial data?

Please describe the plan to "consolidate data centers across the enterprise".

- On its completion, how much is this initiative projected to save the city financially on an annual basis?

Please provide an update on the Workbrain project.

- What is the projected timeline for the citywide implementation of this initiative?

<u>Revenue Pg. 31-7</u>

What is included in the department's revenue org 447605 Other Reimbursements category? (Actual collections were $276,697 in 2008-09)

To-date, in the current fiscal year, how much has the department collected under revenue org. 447605 Other Reimbursements? (budgeted at $1.6 million in the 2010-11 FY)

The following is a historical view of the Information Technology Services Department's budget:

Fiscal Year	Budget Amount	Growth Percentage
1995-96	$18.5 million	
1996-97	**$23.3 million**	**25.9%**
1997-98	**$31.9 million**	**36.9%**
1998-99	**$40.1 million**	**25.7%**
1999-00	**$47.6 million**	**18.7%**
2000-01	$40.2 million	(15.5%) decrease
2001-02	**$47.3 million**	**17.7% increase**
2002-03	$39.8 million	(15.9%) decrease
2003-04	$35.3 million	(11.4%) decrease
2004-05	$29.2 million	(17.3%) decrease
2005-06	$23.9 million	(18%) decrease
2006-07	$21.2 million	(12%) decrease
2007-08	**$23.1 million**	**12% increase**
2008-09	**$24.8 million**	**6% increase**
2009-10	**$26.2 million**	**5.6% increase**
2010-11 (proposed)	**$25.3 million**	(3.7)% decrease

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